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C O N F I D E N T I A L SECTION 01 OF 03 YEREVAN 000444

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SUBJECT: A/S GORDON TALKS TURKEY, N-K, DEMOCRACY WITH
FORMER FM OSKANIAN

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Classified By: Ambassador Marie L. Yovanovitch for reasons 1.4 (b and d).

¶1. (C) SUMMARY: Assistant Secretary Gordon met Armenia's former Foreign Minister, Vartan Oskanian, on June 9 to discuss Turkish-Armenian rapprochement, prospects for a resolution of the Nagorno-Karabakh conflict and Armenia's rocky road to democracy. Oskanian was frank in his views that Turkish-Armenian relations should improve, and would boost chances for a durable peace in NK, but cautioned against any linkage with NK. He said that an NK agreement was within reach, and discussed the domestic troubles Armenia faces, particularly to May 31 Yerevan municipal elections, which Oskanian admitted, "did not go well." END SUMMARY.

¶2. (C) During his June 8-9 visit to Yerevan, A/S Gordon met with Vartan Oskanian, Armenia's foreign minister from 1998-2008, to discuss Turkey-Armenia, Nagorno-Karabakh, and domestic politics. Oskanian has become an outspoken and influential critic of President Sargsian's policy on Turkey rapprochement. Oskanian also harbors political ambitions in Armenia and is widely expected to run for president in 2013.

TURKISH-ARMENIAN RAPPROCHEMENT

¶3. (C) Asked about his views on the improvement of relations between Armenia and Turkey, Oskanian stated clearly that the border should be opened, and he thought a breakthrough was possible if the Turks could "transcend" linking the Turkey-Armenia process to NK. "We need to try to do Turkey and Armenia first. For the last 15 years, we've tried to do NK first and it hasn't worked," he said. A border opening, he said, would contribute to a durable resolution of the NK conflict. Oskanian said the key issues for Armenia on NK center around security, especially of those territories that link Armenia to NK. He said that without an easing of the security threat and border closure to Armenia's west (i.e., with Turkey), it would be very difficult for Armenians to agree to relinquish control of territories to the east.

¶4. (C) When A/S Gordon noted that the Turks and Azerbaijanis argue that movement on rapprochement with Turkey would make Armenia lose all incentive to resolve NK, Oskanian said he wondered why the Turks began the Turkey-Armenia negotiations, since Armenia, when Oskanian was still FM, had specifically delinked the two processes at the beginning. Oskanian stated that this later Turkish linkage reinforces the view that the Turks are only interested in process. He questioned the purpose of Turkish President Gul's historic visit to Armenia in September 2008, which created high expectations for additional progress with Turkey. Comparing Gul's visit to Yerevan to Egyptian President Anwar Sadat's 1977 visit to Jerusalem, Oskanian asked "would anyone believe if such a

visit was not followed by substantial actions?" The former FM noted that President Sargsian was in a difficult position, as he has been undermined by Turkey's linkage of the processes.

¶5. Oskanian added that when Gul was Foreign Minister that Gul--who Oskanian believes sincerely wants the Turkish-Armenian border opened--had approached him about negotiating a border opening. In that first meeting, Gul said, "Our predecessors were wrong to link the Turkey-Armenia opening with NK." In the second meeting, Gul told Oskanian, they could not ignore NK, but he was open to discussing Turkey-Armenia normalization. In the third and final meeting on this subject, Oskanian said Gul told him that Armenia had to return the territories before rapprochement could occur.

¶6. (C) A/S Gordon told Oskanian that Gul does want movement, but that the Turks are facing significant domestic political issues that could be alleviated by movement in the NK discussions. Oskanian countered that the Turks' willingness to sign the landmark April 22 roadmap with Armenia reflected their nervousness that President Obama would recognize the Armenian Genocide on April 24.

NAGORNO-KARABAKH RESOLUTION

¶7. (C) When asked whether time was on Armenia's side in the NK process, Oskanian responded that the parties, particularly Armenia, really needed to move forward on resolving NK. He pointed to the Basic Principles document as the best way toward a solution, adding "if this doesn't work, nothing will." He said he had been buoyed by the statement that Presidents Sargsian and Aliyev made following their June 4

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meeting in St. Petersburg, in which they reaffirmed their commitment to the Basic Principles.

¶8. (C) A/S Gordon asked Oskanian what he thought the most contentious problems were in the NK negotiation process. Oskanian pointed to the size of the Lachin corridor and the relinquishing of Kelbajar as the most difficult. He claimed that the plebiscite/referendum debate had been "more or less" resolved, noting Armenia's position on referendum is "a negotiating position." Oskanian stressed that the leaderships on both sides needed to reach a compromise agreement that they could credibly sell to their publics. Noting that the agreement is "doable" and that the two sides have never been this close before, he said that were President Sargsian to come up with a workable plan, he would have the support of the Armenian Parliament and of the "executive" in NK, but indicated that the NK "Parliament" would likely be critical. However, with the right details a plan could be pushed through; "the right details" (unspecified) would be important to gain the support of Oskanian and former President Robert Kocharian.

¶9. (C) Oskanian explained that opening the border with Turkey would be important to counter the allegation that Armenia is succumbing to blackmail on NK. If the border is not opened, other measures such as improved communications, reduced defense spending and post-conflict reconciliation talks could be incentives for Armenia to make a deal. Oskanian said the Azerbaijanis would get the territories and refugee return. He emphasized that a deal would require Azerbaijani acceptance of all final steps, including interim status security in Kelbajar, the corridor area of Lachin and the future referendum. A referendum, Oskanian opined, does not have to take place within our lifetimes, but could be left for the next generation. The problems, he said, will be mostly on the Azerbaijani side with regard to NK's de facto independence and the return of refugees to NK proper--in particular, to Shushi.

¶10. (C) Oskanian said that, especially given President Obama's boldness in meeting with the Turkish and Armenian foreign ministers to urge reconciliation, it is imperative that the Turks not be allowed to turn their stalling in Turkish-Armenian rapprochement into Armenia's problem by linking Turkey-Armenia to NK in a way that would suit Baku. Pressuring Armenia on NK would be counterproductive, he said.

Noting that each side must make difficult decisions, A/S Gordon said that if we cannot resolve the Turkish-Armenian issue now, "we'll have to wait a generation." A/S Gordon assured Oskanian that President Obama is not afraid to take risks for a breakthrough on Armenia-Turkey.

RUSSIA'S ROLE

¶11. (C) Asked about the Russian position on Turkey-Armenia and NK, Oskanian said that Russia is interested in seeing normalization of Turkish-Armenian relations, and Russia's ties with Turkey are better than before. He cited Russian FM Lavrov's statements to his effect during the latter's recent visit to Ankara and said such a public endorsement was a change from past practice. Oskanian explained that the Russians are confident about their "hold" on Armenia, and could use the open border as a way to continue to isolate Georgia. "Russia is not concerned that an open border will entice Armenia to look to the West," he said. On NK, Oskanian said that resolution of all Caucasus conflicts increases Russia's influence in the region, as no one side could then claim that Moscow favors the other.

AZERBAIJAN TURNING TO RUSSIA?

¶12. Oskanian reported that Russia has worked well as a Minsk Group co-Chair, despite Azerbaijani claims that Russia favors Armenia. Oskanian also dispelled the theory that Azerbaijan would turn to Russia in the event of Turkish-Armenian rapprochement. "There is little chance that Azerbaijan would sell its gas to Russia instead of Turkey," the former FM said and wondered aloud whether Turkey and Azerbaijan are playing a good cop/bad cop game. He concluded that with an NK solution comes the possibility of a diversification of energy routes through Armenia. This would be good for all and "Armenia becomes viable."

ARMENIAN DEMOCRACY AND THE FUTURE OF THE MCC COMPACT

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¶13. (C) While acknowledging that the Yerevan Municipal elections were a "missed opportunity" and that they had "not gone well," Oskanian noted the dilemma posed by MCC assistance. "The funds are necessary for rural development," he said, "but bad behavior cannot be rewarded or ignored." Oskanian said that more must be done to bolster democracy programs in Armenia.

¶14. (U) EUR A/S Gordon has approved this cable.
PENNINGTON